GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:2601
ANSWERED ON:10.08.2005
OPEN TENDER SYSTEM FOR ALLOCATION OF COAL BLOCKS
Acharia Shri Basudeb

Will the Minister of COAL be pleased to state:

(a) whether the Government has laid down the norms for captive coal mining as reported in the Hindustan Times dated 13 April. 2005;

(b) if so, the details thereof;

(c) whether the Government has decided to introduce open tender system in regard to allocating coal blocks for captive mining;

(d) if so, the details of the process to be adopted in this regard;

(e) whether the Government is aware of the probable rise in the cost of coal after introducing this new system;

(f) if so, whether the Government has also taken into consideration the interest of Public Power Generating Company before going for auctioning of coal blocks;

(g) whether the views of the Ministry of Power have been sought in this regard; and

(h) if so. the details and the out come thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a)&(b): Yes, Sir. As per the prevailing guidelines, an allocatee company of a captive block engaged in any of the approved end uses can mine coal itself and consume it in its end-use plant. Further, a company engaged in any of the approved end-uses can mine coal from a captive block through an associated coal company formed with the sole objective of mining coal and supplying the coal on exclusive basis from the captive coal block to the end-user company, provided the end-user company has at least 26% equity ownership in the associated coal company at all times; and there can be a holding company with two subsidiaries i.e.
(i) a company engaged in any of the approved end-uses and
(ii) an associated coal company formed with the sole objective of mining coal and supplying the coal on exclusive basis from the captive coal block to the end-user company, provided the holding company has at least 26% equity ownership in both the end-user company and the associated coal company.

Coal blocks are allowed to be worked under such arrangements by notifying these as end-uses on case to case basis under Section 3(3) (a)
(iii)(4) of the Coal Mines (Nationalisation) Act, 1973.

(c)&(d): A decision on allocation of coal blocks for captive mining through competitive bidding is yet to be taken by the Government.

(e)to(f): Yes, Sir.

(g)&(h): The view given by the Ministry of Power for allocating captive coal blocks have been incorporated in the proposal.The Government is yet to take a decision on theproposl.